



City of Grand Island

Tuesday, February 19, 2002

Study Session

Item H2

Update Concerning Solid Waste Fee Schedule

The Solid Waste Fee Schedule is approved by council. A Solid Waste Fee Schedule based on weight was implemented on October 1, 2001. The switch from volume measurement (Cubic Yards) to weight based measurement (Tons) increases the disposal fee for packed loads (ie: residential packer trucks) and decreases the disposal fee for loose loads (ie: roll off containers). A dual fee structure with a lower tipping fee for packer trucks was approved by the city council in an effort to reduce the financial impact on the residential property owner. Data available at the time indicated that the hauler's disposal fee for a packer truck could increase 7.0%, resulting in a potential increase to each household of \$3.86 per year.

Solid Waste Superintendent, Kevin McKennon reviewed the revenue for the time period of October 1st through December 31st, 2001. We would like to update council on the effect the conversion has had on the financial status of the division. We would recommend continuing the dual fee structure to reduce the financial impact on the residential property owner. The hauler's disposal fee for a packer truck could increase an additional 12.0%, resulting in a potential increase to each household of \$6.60 per year.

We would recommend an April 1st, 2002 implementation date.

Please see attached document for a summary of the alternatives that were considered by staff.

Staff Contact: Steven P. Riehle, P.E., Public Works Director / Ci

Revenue Study
Solid Waste Division
Grand Island Public Works Department

February 11, 2002

A revenue study was conducted from October 1, 2001 to December 31, 2001 to compare the revenue gained or lost from the conversion from Cubic Yards to Tons for fee calculation. The rates which went into effect October 1, 2001 are:

<u>Type of Truck</u>	<u>Landfill</u>	<u>Transfer Station</u>
Residential Packer Truck	\$ 22.85 per ton	\$ 28.50 per ton
Loose material and Roll-off Containers	\$ 29.85 per ton	\$ 35.50 per ton

The new tonnage rate resulted in a revenue shortfall of over \$62,000 for the first quarter of the 2001-2002 fiscal year when compared to the cubic yard rate. The shortfall at the Landfill was \$39,000, and the Transfer Station was \$23,000. This would result in an 11.67% (\$248,000) shortfall in revenue for the fiscal year. This change in revenue is quite extreme, with the greatest shortfall in revenue from the roll off containers at the Landfill, and the loose material at the Transfer Station (primarily small vehicles).

We considered five alternatives to compensate for the shortfall in revenue:

1. Maintain the current structure.

Make no change in rate structure.

Impacts:

- Shortfall in revenue of \$248,000 for the fiscal year when compared to cubic yard revenue.
- Loss of revenue would be unhealthy for the Division.

2. A 12% across the board increase in rates.

Maintain a dual rate system: one rate for packer trucks and one rate for loose material and roll off containers with a differential between the Landfill rates and the Transfer Station rates.

<u>Type of Truck</u>	<u>Landfill</u>	<u>Transfer Station</u>
Residential Packer Truck	\$ 25.60 per ton	\$ 31.90 per ton
Loose material and Roll-off Containers	\$ 33.45 per ton	\$ 40.00 per ton

Impacts:

- Shortfall in revenue of \$32,000 for the fiscal year when compared to the cubic yard revenue.
- Loose material and roll off container rates at the Landfill and Transfer Station would be considerably higher than the regional average Landfill rate of \$31.65 per ton.
- Rates will drive away loose material and roll off container customers.
- Loss of loose material and roll off container customers will force an increase in packer rates. Residential customer rates could increase by almost \$12.00 per year.

3. Adjust the rates for loose and roll off containers.

The fees for the packer trucks at the Landfill and the Transfer Station would remain as they are now. The rate for loose material and roll off containers would be raised to \$42.25 per ton at the Landfill. The rate for loose material and roll off containers would be raised to \$46.50 per ton at the Transfer Station.

<u>Type of Truck</u>	<u>Landfill</u>	<u>Transfer Station</u>
Residential Packer Truck	\$ 22.85 per ton	\$ 28.50 per ton
Loose material and Roll-off Containers	\$ 42.25 per ton	\$ 46.50 per ton

Impacts:

- Shortfall in revenue of \$14,000 for the fiscal year when compared to cubic yard revenue.
- Rates of \$42.25 and \$46.50 are much higher than the regional market Landfill rate of \$31.65.
- Rates will definitely drive away loose material and roll off container customers.
- Loss of loose material and roll off container customers will force and increase in packer rates. Residential customer rates could increase by over \$17.00 per year.

4. A single rate per ton with a Transfer Station differential.

The single rate for packers and roll off containers would be raised to \$29.50 per ton with a Transfer Station differential of \$4.25 per ton.

<u>Type of Truck</u>	<u>Landfill</u>	<u>Transfer Station</u>
Residential Packer Truck	\$ 29.50 per ton	\$ 33.25 per ton
Loose material and Roll-off Containers	\$ 29.50 per ton	\$ 33.25 per ton

Impacts:

- Shortfall in revenue of \$14,000 for the fiscal year when compared to the cubic yard rate.
- The Transfer Station rate of \$33.75 would be far above the regional Landfill average of \$31.65.
- This rate would place a greater burden on the residential customer. Residential customer rates could increase by \$10.00 per year.

5. Continued dual rate structure at the Landfill and Transfer Station.

Maintain a dual rate structure at the Landfill and Transfer Station: one rate for packer trucks and one rate for loose material and roll off containers.

<u>Type of Truck</u>	<u>Landfill</u>	<u>Transfer Station</u>
Residential Packer Truck	\$ 28.75 per ton	\$ 31.75 per ton
Loose material and Roll-off Containers	\$ 30.75 per ton	\$ 35.75 per ton

Impacts:

- Shortfall in revenue of \$58,000 for the fiscal year when compared to the cubic yard rate.
- Least impact to residential customers of the options considered. Increase should be near \$6.60 per year.

Summary

The Solid Waste Division can not afford Option 1. Options 2, 3 and 4 will either drive away the roll off customers or place an undue burden on the packer trucks and residential customers.

Option 5 is a compromise. It increases rates to loose material and roll off container customers and still provides competitive rates for packer truck customers. The rates at the Landfill would still be below the regional Landfill average of \$31.65 per ton.

Note: All shortfalls in revenue are measured by comparing revenue received at tonnage rates versus FY 2000-2001 cubic yard rates. The study does not measure increased flow to the Landfill over the 3 month period, in order to compare only the variable of rate structure.